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**M E M B E R S**

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**LEGISLATIVE**

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**A S S E M B L Y**

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**PENSION PLAN**

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CANADIANA

NOV 22 1994

**ANNUAL REPORT**

for the fiscal year ended March 31, 1994







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PROVINCIAL TREASURER  
224 Legislature Building, Edmonton, Alberta Canada T5K 2B6

The Speaker of the Assembly

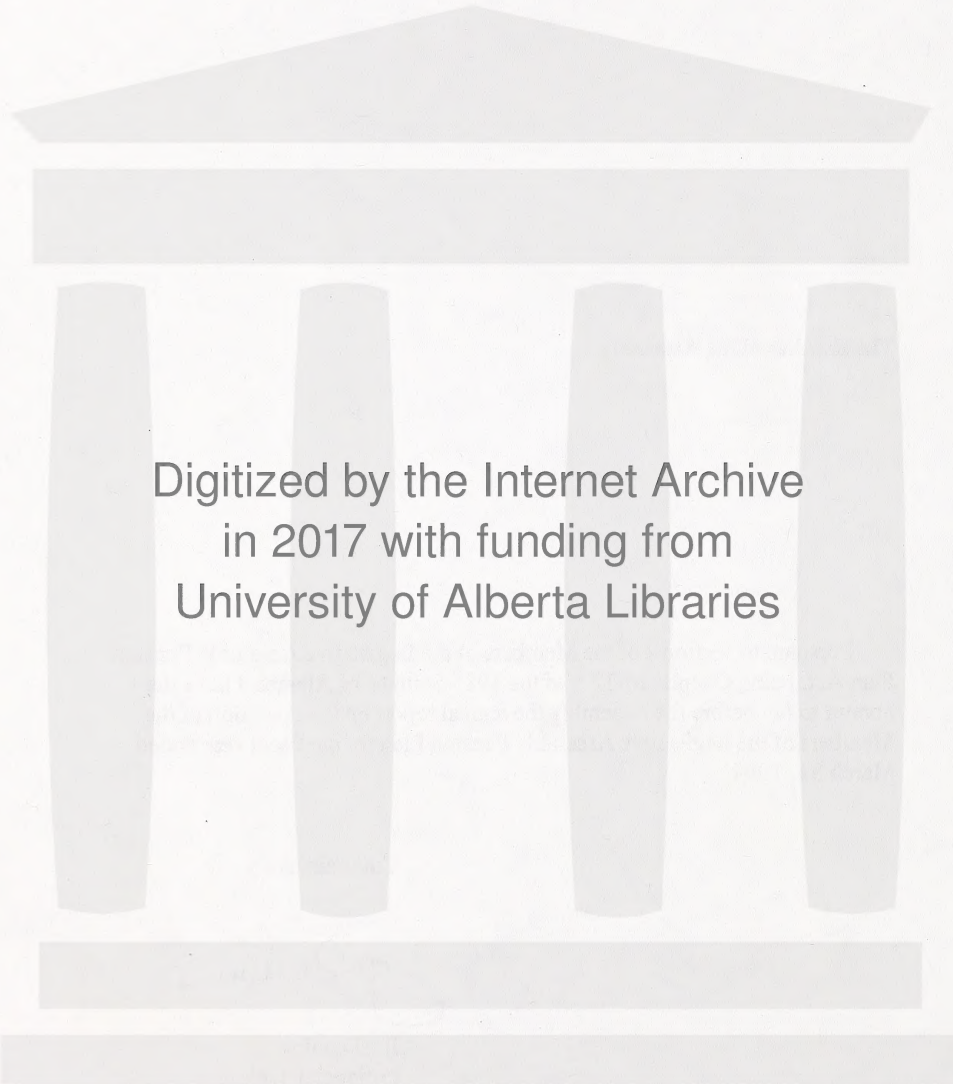
Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1994.

Yours sincerely,

Jim Dinning  
Provincial Treasurer





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## Introduction

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The Members of the Legislative Assembly Pension Plan was established May 7, 1969. It was amended effective January 1, 1992 in response to changes to the federal Income Tax Act. The Members of the Legislative Assembly Pension Plan Amendment Act, 1993 was passed on June 20, 1993. Under the provisions of this amendment, no pensionable service can be accrued by members

elected after March 19, 1989. In addition, annual benefits payable for service accrued between March 19, 1989 and June 15, 1993, was reduced from 4 percent to 3 percent of average pensionable earnings. No service of any kind can be earned under the Members of the Legislative Assembly Pension Plan after June 15, 1993.

## Plan Overview

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As explained in the Introduction section, the Members of the Legislative Assembly Pension Plan has been closed to MLAs. Members who were elected on March 20, 1989 or later are not entitled to accrue benefits, and any contributions made by them were refunded. In addition, members who did not, at June 15, 1993, have enough service to be entitled to a pension benefit could not have that service recognized and were also given a refund of contributions.

The following paragraphs in this Plan Overview section are applicable only to the period prior to plan closure.

Participation in the Members of the Legislative Assembly Pension Plan was voluntary and MLAs could elect to participate at any time while holding office. It was a contributory defined benefit plan, divided into two sections to reflect requirements under the Income Tax Act. Until July 31, 1992, MLAs contributed at a rate of 7.5 percent of the allowance paid with respect to each office held. The contribution rate was increased to 10 percent from August 1, 1992. The employer made a matching contribution. One percentage point of both the MLAs' contributions and those of the

employer was set aside towards meeting the plan's unfunded liability.

Those members who retired with at least five years of pensionable service in the office of MLA were entitled to a pension. Those members who retired from an office other than MLA with at least one year in that office and at least five years as an MLA were entitled to a pension in respect of that other office. Pension benefits were based on 4 percent of the highest average pensionable allowances for three consecutive years, times the number of years of pensionable service in an office. Retroactive revisions to the plan reduced member pension benefits to 3 percent on service accrued between March 19, 1989 and June 15, 1993, and required the member to terminate from all offices to be eligible to receive pension benefits.

If the member had an eligible spouse, unless a waiver was signed by that spouse, the pension paid had to be in the normal form of pension. The normal form of a pension was payable for the life of the member with a 75 percent spousal survivor benefit. Single members could elect a single life pension, or a life pension with a five, 10, or 15 year guarantee period. They could also elect a joint

## Plan Overview (Cont'd)

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life pension based on their life and that of a nominee.

Members could retire at any time, if they had accumulated five years of pensionable service. If retirement took place after age 55, or if age plus pensionable service equalled 55 years or greater, no actuarial reduction was applied to the benefit. The plan also made provision for those members who died prior to retirement and had accumulated at least five years of pensionable service. In such cases, the surviving spouse was entitled to either a spousal pension or a lump sum benefit.

The spousal pension was equal to the survivor benefit of a non-reduced joint life pension. A beneficiary other than a spouse had to accept a lump sum benefit.

The Members of the Legislative Assembly Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury. Pension Plan administration costs are borne by the General Revenue Fund of the Province of Alberta.

## Actuarial Liabilities

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An independent actuarial valuation carried out at December 31, 1991, estimated the accrued liability

of the Members of the Legislative Assembly Pension Plan to be \$55,288,000.



## Participation

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As explained in the Introduction and Plan Overview, there is no longer any active participation in the MLA Pension Plan.

## Contributions

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The schedule below summarizes the member and government contributions for the year ended March 31, 1994.

As explained in the Plan Overview section, member

contributions in respect of members who were elected for the first time on March 20, 1989 or who were not vested by June 15, 1993, were returned to members.

	Contributions Received For The Period April 1, 1993 to June 15, 1993		
	Member \$	Government \$	Total \$
Members of the Legislative Assembly	211,478	105,289	316,767
Members of the Executive Council	15,593	15,593	31,186
Speaker, Deputy Speaker and Leaders of the Opposition and Recognized Opposition Parties	2,784	2,784	5,568
	229,855	123,666	353,521

**Note (1):** Contributors as Members of the Executive Council, Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties, are also contributors under the Members of the Legislative Assembly Pension Plan.

## Refunds

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The following amounts of member contributions and interest were refunded to members during the year:

	Number	Amount \$
Cash	3	10,190
Registered Retirement Savings Plans	28	528,228
	31	538,418

In addition, 5 refunds of excess contributions totalling \$23,309 were made to members and to the Legislative Assembly Office.

## Death in Service Benefits

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In the current year, no lump sum benefits were paid as a result of deaths in service.

## Information and Counselling Services

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Changes to the plan resulted in the provision of counselling to individual members terminating from the plan. Pension estimates were provided to all members eligible for a pension benefit. Information was also provided to those members entitled to a refund of contributions.

Annual statements containing information on pensionable service, contributions, and prior service were produced and forwarded to the Offices of the Legislative Assembly and Executive Council for distribution to plan members.



## Pension Benefits

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During the year ended March 31, 1994, pension benefits paid totalled \$3,605,836. A total of fifty pensions were granted in the categories shown in the table below.

	1994		1993	
Normal	4		1	(1)
Early Reduced	44	(14)	10	(7)
Death in Service (spousal)	2			
	50	(14)	11	(8)

( ) Brackets denote pensions co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Of the above retirements, nine were in respect of deferred retirement from previous years.  
(one normal and 8 early)

Pension options selected by members were as follows:

	At April 1, 1993	New Retire- ments	Benefi- ciaries	Deaths	At March 31, 1994
<b>Member Pensions</b>					
Normal (life with 75 percent survivor pension)	146	46		(2)	190
Single Life	1				1
Guaranteed 10 years	1				1
Guaranteed 15 years	1	2			3
Guaranteed 20 years	16			(1)	15
Joint Life non-reduced	6			(1)	5
Joint Life reduced one third	3				3
Joint Life reduced one half	1				1
<b>Spousal Pensions</b>					
Single Life	2	2			4
Guaranteed 5 years	2				2
Guaranteed 10 years					
Guaranteed 15 years	1				1
Guaranteed 20 years					
<b>Total Pensions</b>	<b>180</b>	<b>50</b>		<b>(4)</b>	<b>226</b>
<b>Pensions Co-ordinated with</b>					
CPP and/or OAS	59	14		(1)	72



The schedule below categorizes the pensions in effect at March 31, 1994, by dollar value of monthly pension:

<b>Dollar Value Per Month \$</b>	<b>Member Pensions</b>	<b>Spousal Pensions</b>	<b>Total</b>
1 to 499	30	1	31
500 to 999	57	1	58
1,000 to 1,499	55	2	57
1,500 to 1,999	26	3	29
2,000 and over	51	-	51
	219	7	226

**Statement of Receipts and Payments**  
**Year Ended March 31, 1994**

	<b>1994</b>	<b>1993</b>
	<b>\$</b>	<b>\$</b>
<b>RECEIPTS</b>		
Member contributions	218,405	539,521
Government contributions	112,216	523,917
Additional contributions - Member	11,450	41,010
- Employer	11,450	41,010
- Government	11,450	41,010
<b>Total Receipts</b>	<b>364,971</b>	<b>1,186,468</b>
<b>PAYMENTS</b>		
<b>Benefits</b>		
Pensions to retired members	3,516,294	2,528,982
Pensions to surviving spouses	89,542	65,099
	<b>3,605,836</b>	<b>2,594,081</b>
<b>Withdrawals</b>		
Refunds of Contributions and Interest to		
Terminated Members	538,418	-
Refunds of excess contributions	23,309	617
	<b>561,727</b>	<b>617</b>
<b>Total Payments</b>	<b>4,167,563</b>	<b>2,594,698</b>
<b>Excess of Payments over Receipts</b>	<b>3,802,592</b>	<b>1,408,230</b>



## Comparative Statistics

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The table below shows comparative statistics of receipts and payments for the most recent five fiscal years.

Fiscal Year	RECEIPTS			PAYMENTS			Excess of Payments Over Receipts	
	Member	Government	Addi- tional Contri- butions	Total	Benefits	With- drawals		Total
(\$000s)								
1993/94	218	113	34	365	3,605	562	4,167	3,802
1992/93	540	524	123	1,187	2,594	1	2,595	1,408
1991/92	542	492		1,034	2,482		2,482	1,448
1990/91	511	484		995	2,534		2,534	1,539
1989/90	539	496		1,035	2,508	47	2,555	1,520









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